

ADMINISTRATIVE PROCEEDING

File No. 3-17713

Real Estate Fund Adviser Settles Fraud Charges

December 6, 2016 – The Securities and Exchange Commission announced today that the CEO of a now-bankrupt and deregistered investment adviser, Indianapolis-based HDGM Advisory Services, LLC (HDGM), has agreed to settle charges relating to his failure to disclose \$5.8 million of prepaid fees charged to two real estate investment funds in 2012.

An SEC investigation found that Harold D. Garrison, the CEO of HDGM, charged prepaid fees and then repeatedly failed to disclose those fees to the board of directors and investment committee of the two investment funds – GPIF-I Equity Co., Ltd. and GPIF-I Finance Co., Ltd. (GPIF Funds). In quarterly reports provided to the board of directors, the investment committee, and representatives of investors in the GPIF Funds, Garrison and HDGM repeatedly failed to disclose the prepaid fees in charts that purported to show all such fee activity. The prepaid fees were used to finance HDGM's operations during 2012. Garrison and HDGM filed for bankruptcy protection in 2014.

The SEC's order finds that Garrison violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder. Without admitting or denying the findings in the SEC's order, Garrison agreed to a cease-and-desist order, to pay disgorgement of \$1.35 million, which will be deemed satisfied by a payment of that amount from an insurance company to investors, and to pay investors any residual proceeds from the sale of his residence as well as a civil penalty of \$350,000. Garrison also agreed to an industry bar with the right to reapply after one year.

The SEC's investigation was conducted by Zachary B. Sturges of the Asset Management Unit with the assistance of Alistaire Bambach, Patricia Schrage, Jack Kaufman and Lisa Knoop of the New York Regional Office. The case was supervised by Panayiota K. Bougiamas of the Asset Management Unit.

See also: [Order](#)